

EXHIBIT 68

AIR INDIA

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**NOTE "1" :****A. CORPORATE INFORMATION :**

Air India Ltd. represents the merged company which came into existence consequent upon the amalgamation of erstwhile Indian Airlines Ltd. and erstwhile Air India Ltd. as on 1 April 2007. The amalgamated company was known as National Aviation Company of India Limited (NACIL). The name of the company was changed to "Air India Ltd." w.e.f 24/11/2010. The company provides domestic and international air transport services within India as also across the globe. The aircraft fleet of the company consists of a wide range of aircraft mainly comprising of Airbus and Boeing aircraft such as A-319, A-320, A-321, B-777, B-787. The Airline Industry has generally been affected by economic slow down coupled with high fuel cost. The company has during the financial year 2011-12 adopted/implemented a Turnaround Plan (TAP) and a Financial Restructuring Plan (FRP) to improve its operational and financial performance.

The accounts of the company for both wide body and narrow body operations have been maintained separately and have been consolidated for finalization of the accounts of the company.

B. ACCOUNTING CONVENTION :

- i) These Financial Statements have been prepared on going concern concept on accrual basis (except as specifically stated) under historical cost convention, and are in compliance with generally accepted accounting principles and the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- ii) The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which results are known/materialized.
- iii) The financial statements for the year ended March 31, 2012 have been prepared based on revised Schedule VI to the Companies Act, 1956. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts the presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.
- iv) The Company being in service sector, there is no specific operating cycle, 12 months period has been adopted as "the Operating Cycle" in-terms of the provisions of revised Schedule VI.

C. SIGNIFICANT ACCOUNTING POLICIES :**1. FIXED ASSETS :**

- i)
 - a) Aircraft are stated at purchase price. Other incidental costs including interest wherever applicable, are also capitalized up to the date of commercial operation.
 - b) Other assets, including Aircraft Rotables, are capitalized and stated at historical cost.
- ii) Expenditure on major modernization/modification/conversion of aircraft, resulting in increased efficiency/economic life, is capitalized.
- iii) Aircraft Fleet and Equipment under leases, in respect of which substantially all the risks and rewards of ownership are transferred to the Company, are considered as Finance Leases and are capitalized.
- iv) Physical Verification of Assets
Physical Verification of Assets is done on a rotational basis so that every asset is verified once in every two years and the discrepancies observed in the course of the verification are adjusted in the year in which report is submitted.
- v) Gain or loss arising out of sale/scrap of Fixed Assets including aircraft over the net depreciated value is taken to Profit & Loss account as Non-Operating Revenue or Expenses.

2. DEPRECIATION :

- a) Depreciation is provided on all assets on straight-line method.
- b) The rates adopted are in accordance with the manner prescribed under Schedule XIV of the Companies Act, 1956 except for the following :
 - i) New Fleet of Boeing and A-320 family aircraft are depreciated upto 95% of the block value over 20 years instead of 16.96 years.

AIR INDIA**NOTE “2” : SHARE CAPITAL :****(Rupees in Million)**

Particulars	As at March 31, 2012	As at March 31, 2011
AUTHORISED		
3,500,000,000 Equity Shares of Rs.10/- each. (Previous Year : 5,000,050,000 Equity Shares)	35,000.0	50,000.5
750,000,000 Preference Shares of Rs.100/- each. (Previous Year : Nil Preference Shares) (Refer Note 29)	75,000.0	-
TOTAL	110,000.0	50,000.5
ISSUED, SUBSCRIBED AND PAID-UP SHARES		
3,345,000,000 Equity Shares of Rs.10/- each. (Previous Year : 2,145,000,000 Equity Shares)	33,450.0	21,450.0
TOTAL	33,450.0	21,450.0

2.1 The Company is a Government Company with 100% share held by President of India and his nominees, through administrative control of Ministry of Civil Aviation.

2.2 Of the above, 144.95 Million equity shares were issued during the year 2007-08 pursuant to Amalgamation.

2.3 Reconciliation of number of shares outstanding at the beginning and end of the reporting period are given below :

Particulars	Number of Shares in Millions		Share Value Rs. in Millions	
	2011-12	2010-11	2011-12	2010-11
Equity Shares at the beginning of the period	2,145.0	945.0	21,450.0	9,450.0
Add : Equity Shares Allotted	1,200.0	1,200.0	12,000.0	12,000.0
Equity Shares at the end of the period	3,345.0	2,145.0	33,450.0	21,450.0

2.4 Term/rights attached to equity shares

The company have two classes of share capital i.e. Equity Shares having a par value of Rs.10/- per share and Preference Shares having a par value of Rs.100/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTE “3” : RESERVES AND SURPLUS :**(Rupees in Million)**

Particulars	As at March 31, 2012		As at March 31, 2011	
1. CAPITAL RESERVE				
Balance as per last Balance Sheet	804.7		624.8	
Add : Additions during the year (Refer Note 48)	489.2		211.9	
Less : Transfer to the Statement of Profit and Loss as reduction from Depreciation (Refer Note 21)	35.6		32.0	
Closing Balance	1,258.3		804.7	
2. SURPLUS / (DEFICIT) in the Statement of Profit & Loss				
Balance as per last Financial Statements	(123,542.6)		(54,890.9)	
Profit / (Loss) for the year	(75,597.4)		(68,651.7)	
Net Deficit in the Statement of Profit & Loss	(199,140.0)		(123,542.6)	
TOTAL (1 + 2)		(197,881.7)		(122,737.9)

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NOTE “4” : LONG-TERM BORROWINGS :

(Rupees in Million)

Particulars	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
I. Bonds/Debentures	62,000.0	7,000.0	-	-
II. Term Loans				
a) From Banks (Secured)	114,598.2	54,135.2	-	-
b) From Banks (Unsecured)	4,226.2	6,577.0	6,768.2	712.5
c) From Other Parties (Secured)	-	75.8	144.0	765.2
d) From Other Parties (Unsecured)	211.7	192.6	8.0	7.0
III. Finance Lease Obligations	125,184.4	107,831.5	15,501.4	12,476.7
TOTAL	306,220.5	175,812.1	22,421.6	13,961.4

4.1 Bonds/Debentures

62,000 Redeemable, Unsecured Non-convertible Debentures of face value of Rs.1 Million each. (Previous Year : 7,000 Debentures), are guaranteed by Government of India.

(Rupees in Million)

Period of Maturity	No. of Instalments as on 31.3.2012	Amount Payable on Redemption	Rate of Interest	Amount of Instalments due as on 31.3.2012
March 2020	NA	7,000.0	9.13%	NIL
September 2026	NA	40,000.0	9.84%	NIL
September 2031	NA	15,000.0	10.05%	NIL

4.2 Details of restructured Secured Term Loans from Banks are as under :

Sr. No.	Restructuring Lender	Rupees in Million
1.	Allahabad Bank	2,664.2
2.	Andhra Bank	3,201.6
3.	Bank of Baroda	11,989.0
4.	Bank of India	14,279.0
5.	Canara Bank	7,819.5
6.	Central Bank of India	8,525.5
7.	Corporation Bank	6,928.9
8.	Dena Bank	1,252.2
9.	The Federal Bank Limited	1,647.2
10.	IDBI Bank Limited	3,996.3
11.	Indian Bank	3,991.0
12.	Indian Overseas Bank	6,556.2
13.	Oriental Bank of Commerce	8,152.5
14.	Punjab National Bank	11,311.5
15.	Punjab & Sind Bank	2,531.0
16.	State Bank of India	6,165.0
17.	Syndicate Bank	5,861.3
18.	UCO Bank	5,328.5
19.	United Bank of India	2,397.8
TOTAL		114,598.2

All Term Loans from above Banks are secured by following 29 aircrafts and 12 immovable properties and all Current Assets (Previous Year : NIL). However equitable mortgage for 12 immovable properties with banks are yet to be created :

Aircraft :

1) A310-F/VT-EQT	6) A319/VT-SCT	11) A320/VT-ESA	16) A320/VT-ESG	21) A320/VT-EDC	26) A321/VT-PPU
2) A319/VT-SCP	7) A319/VT-SCU	12) A320/VT-ESC	17) A320/VT ESI	22) A321/VT-PPN	27) A321/VT-PPV
3) A319/VT-SCQ	8) A319/VT-SCV	13) A320/VT-ESD	18) A320/VT-ESJ	23) A321/VT-PPO	28) A321/VT-PPW
4) A319/VT-SCR	9) A319/VT-SCW	14) A320/VT-ESE	19) A320/VT-ESK	24) A321/VT-PPQ	29) A321/VT-PPX
5) A319/VT-SCS	10) A319/VT-SCX	15) A320/VT-ESF	20) A320/VT ESL	25) A321/VT-PPT	

AIR INDIA**Immovable Properties :**

- 1) Building at Old Airport, Kalina, Mumbai
- 2) Air India Building, Nariman Point, Mumbai
- 3) Land at CIDCO Plot, Nerul, Navi Mumbai
- 4) Building at NITC, Santacruz, Mumbai
- 5) Land at Baba Kharak Singh Marg, New Delhi
- 6) Staff Quarters - Vasant Vihar, New Delhi
- 7) Freehold land and Residential flats at Palavanthangal Village & IA Staff Housing Colony, Chennai
- 8) Unit No. 264, 297, 310, 489, 631, 678, 684, 714, Asiad Village Complex, New Delhi
- 9) Land at DLF, Qutab Enclave, Phase-III, Gurgaon, Haryana
- 10) Airlines House, 113, Gurudwara Rakabganj Road, Delhi
- 11) Freehold Vacant No. 504, Annasalai / Teynampet, Chennai
- 12) Freehold Land (CTE Complex) and Buildings, Hyderabad

For all Secured Term Loans from Banks, interest rate is linked to respective Bank's Base Rate/Libor plus Margin. These loans are repayable in 52 staggered Quarterly Instalments starting from 31 December 2013 and ending in 30 September 2026. Disclosure as regards amount of repayment instalment and rate of interest are not made due to complexity of repayment schedules and confidentiality clause with the banks as regards interest rate.

(Previous Year Secured Loan of Rs.54,135.2 Million relates to loan from IDBI Secured against Hypothecation of Twenty One new A320 Family aircraft Eight A321, Four A320 & Nine A319 interest @ of IDBI BPLR minus 150 basic points till the final settlement. The Repayment was to be made in 40 quarterly instalment beginning from October 2012 till July 2022). The loan was prepaid and restructured into the non-convertible debentures in the current financial year).

- 4.3** Unsecured Term Loan from Banks of Rs.10,994.3 Million (Previous Year Rs.7,289.5 Million) are guaranteed by the Government of India to the extent of Rs.3,513.7 Million (Previous Year Rs. NIL Million).

(Rupees in Million)

Period of Maturity	No. of Loan Instalments	Amount of Loan as on 31.03.2012	Rate of Interest	Amount of Instalments due as on 31.03.2012	Interest Accrued & due as on 31.03.2012	Amount of instalments due as on 31.03.2011	Interest Accrued & due as on 31.03.2011
January 2013	7	5,877.5	Libor + 4.00	NIL	NIL	NIL	NIL
February 2014	5	890.6	BPLR - 0.50	NIL	NIL	NIL	NIL
February 2014	4	712.5	BPLR - 0.50	178.1	66.3	NIL	NIL
September 2016	NA	3,513.7	Libor + 1.45 /2.5	NIL	NIL	NIL	NIL

- 4.4** Secured Term Loan from Others of Rs.144.0 Million (Previous Year Rs.841.0 Million) are secured by Hypothecation of SAP related Hardware & Software.

- 4.5** Unsecured Term Loan from Others of Rs.219.8 Million (Previous Year Rs.199.7 Million) are guaranteed by the Government of India to the extent of Rs.219.8 Million (Previous Year Rs.199.7 Million).

(Rupees in Million)

Period of Maturity	No. of Loan Instalments	Amount of Loan as on 31.3.2012	Rate of Interest	Amount of Instalments due as on 31.3.2012
March 2037	24	69.0	Interest Free	NIL
October 2039	Half Yearly	150.8	Interest Free	NIL

- 4.6** Finance Lease Obligations of Rs.140,685.8 Million (Previous Year Rs.120,308.2 Million) are guaranteed by the Government of India to the extent of Rs.95,955.1 Million (Previous Year Rs.75,416.1 Million).

(Rupees in Million)

Period of Maturity	No. of Loan Instalments	Amount of Loan as on 31.3.2012	Rate of Interest	Amount of Instalments due as on 31.3.2012
December 2012	12	1811.1	Libor +1.77	NIL
December 2019	123	29588.6	Fixed	NIL
May 2020	65	12801.1	Libor - 0.05	NIL
September 2021	115	35896.2	Libor + 0.93	NIL
July 2022	82	17669.2	Libor + 0.24	NIL
December 2019 & February 2021	Quarterly Payment	42,919.6	Libor + 0.75	NIL

- 4.7** Current maturities of long term borrowings have been grouped under the head Other Current Liabilities (Refer Note No.5).